



Work Opportunity Tax Credit (WOTC)

The Work Opportunity Tax Credit is a federal corporate tax credit. The WOTC program is designed to help individuals facing barriers move into gainful employment by making a federal corporate tax credit available to the employer who hires a qualified individual. Statewide, Tennessee employers potentially save approximately \$200 million per year, collectively, through the WOTC, ranking Tennessee among the top ten states in the United States gaining employer benefits from the program.

Hiring an Ex-felon may qualify an employer for a tax credit:

Up to \$1,500 upon the completion of at least 120 hours of work

Up to \$2,400 upon the completion of at least 400 hours of work

- Ex-felons who have a hiring date that is not more than one year from the conviction or release from incarceration are potential qualified hires for the tax credit
- No limit to the number of employees who can qualify an employer for the tax savings
- Minimal paperwork needed to claim the tax credit
- Representatives at the local Board of Probation and Parole Office can assist employers with the application process.

Applying for the Tax Credit is a Simple Three-Step Process:

- 1) Complete the two-page IRS Form 8850 and submit the form to the TN Department of Labor and Workforce Development. The form must be signed by both employer and employee.
- 2) Complete U.S. Department of Labor Form ETA 9061. Submit the form, with IRS Form 8850 to the TN Department of Labor and Workforce Development.
- 3) Mail the signed and dated IRS and DOL ETA form to the TN Department of Labor and Workforce Development. The form must be postmarked within 28 calendar days of the employee's job start date.

For additional information about the Work Opportunity Tax Credit, contact:

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